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Addressing State Failure
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THE DANGER OF FAILED STATES

In today's increasingly interconnected world, weak and failed states pose an acute risk to U.S. and global security. Indeed, they present one of the most important foreign policy challenges of the contemporary era. States are most vulnerable to collapse in the time immediately before, during, and after conflict. When chaos prevails, terrorism, narcotics trade, weapons proliferation, and other forms of organized crime can flourish. Left in dire straits, subject to depredation, and denied access to basic services, people become susceptible to the exhortations of demagogues and hatemongers. It was in such circumstances that in 2001 one of the poorest countries in the world, Afghanistan, became the base for the deadliest attack ever on the U.S. homeland, graphically and tragically illustrating that the problems of other countries often do not affect them alone.

The international community is not, however, adequately organized to deal with governance failures. The United States and the rest of the world need to develop the tools to both prevent conflict and manage its aftermath when it does occur. Such efforts will entail not just peacekeeping measures, but also influencing the choices that troubled countries make about their economies, their political systems, the rule of law, and their internal security. Weak countries are unable to take advantage of the global economy not just because of a lack of resources, but also because they lack strong, capable institutions. To promote sustainable peace, Washington and its partners must thus commit to making long-term investments of money, energy, and expertise.

The United States is moving in the right direction. Following a decision of the National Security Council in the spring of 2004, the Bush administration created a new office within the State Department: the Office of the Coordinator for Reconstruction and Stabilization. S/CRS will help lead and coordinate joint operations across agencies to respond effectively to evolving crises around the world, in concert with the international community. The White House has requested $124.1 million from Congress to finance the first phase of the new office and the programs it will support. The price for building a rapid-response capability is small. It is miniscule compared to the cost of ignoring the threats posed by failed states.

Conflict prevention must become a routine element of policymaking. Leaders in Congress, the administration, and the nongovernmental community must continue to

devote their energies to stabilizing the vulnerable regions of the world. The U.S. government must be able to anticipate potential problems quickly and effectively so that they can be managed before they develop into full conflagrations. There is always the risk that prevention in any given situation may fail, and that must be accepted -- both by senior policymakers and by the entire government. Crises will inevitably occur, but if they are the United States' only impetus for response, there will be less chance of success.

LEARNING AND ACTING

The many U.S. agencies and departments devoted to peacekeeping and development have learned important lessons about effective conflict management -- in both prevention and reconstruction. It has become a truism that preventing armed conflict is preferable to resolving differences through force: prevention saves both lives and money. Yet the international community often does not fully appreciate the complexity and difficulty of preventing belligerent parties or criminal militias from going to war. Countries involved in simmering conflicts almost universally lack the requirements for successful stabilization: an effective indigenous leadership that puts national interests over its own; state institutions that are capable, legitimate, and credible; and a citizenry that actively participates in its own governance. Moreover, the traditional tools of diplomacy -- démarches, treaties, dialogue -- often have limited sway over actors unconcerned about their international image or legitimacy.

Further complicating matters, modern conflicts are far more likely to be internal, civil matters than to be clashes between opposing countries. "State death" as a result of external invasion, common before World War II, has almost disappeared since 1945. The lack of good governance in weak states means they often do not have the ability to deal with disaffected or criminal groups within their own borders. Recent scholarship suggests that civil strife is no more likely in ethnically or religiously divided countries than it is in homogeneous ones. Internal discord is more likely to arise in countries suffering from poverty, a highly unequal income distribution, recent decolonization, weak institutions, ineffective police and counterinsurgency forces, and difficult terrain -- conditions that allow small guerrilla bands to thrive. Valuable raw materials, such as diamonds or oil, also tend to spark conflict among competitors who want to seize control of the wealth. Warring groups generally have easy access to weapons and may even control territory, giving them a base for launching attacks on the state, its citizens, or its neighbors. Other nonstate actors, including transnational terrorist organizations, can also take root in such environments, posing a threat to global security.

These elements of state weakness constitute structural threats akin to dead leaves that accumulate in a forest. No one knows what spark will ignite them, or when. Over the long run, the only real way to create lasting peace is to promote better governance. The United States and the international community have increasingly made governance a focal point of development. The U.S. Agency for International Development (USAID) now spends about $1 billion a year on governance assistance. In 2002, in Monterrey, Mexico, international leaders agreed that good governance in developing countries

should be rewarded with more resources. The Bush administration's Millennium Challenge Account will provide higher levels of aid to countries that have demonstrated political and economic reform. And the World Bank has increasingly introduced governance criteria into its lending decisions. But governance assistance designed to accomplish long-term change may not have much impact on countries where civil strife is imminent. Untargeted resources channeled into tense environments could even wind up making the conflict worse.

Anticipating, averting, and responding to conflict require a greater, more comprehensive level of planning and organization -- which is precisely the mission of S/CRS. The coordinator reports directly to the secretary of state and has a staff drawn from functional bureaus in the State Department, as well as from USAID, the CIA, the military's Joint Staff, the Office of the Secretary of Defense, and others. Within the U.S. government, S/CRS is building civilian capacity to plan and coordinate stabilization and reconstruction efforts. S/CRS and its interagency partners also draw on expertise from nongovernmental organizations, think tanks, private firms, and universities. The U.S. government will use these resources to encourage and coordinate activities with other governments and international organizations. To focus attention on conflict prevention, S/CRS is also partnering with other offices, including those of the director of policy planning, the assistant secretary for intelligence and research, and the assistant secretaries of state in the regional and functional bureaus. The undersecretary for political affairs has strongly supported this engagement.

The United States cannot address every potential conflict, but it can determine which ones present the worst threat and which can be best helped by international attention. Every six months, the National Intelligence Council currently produces a list, compiled from classified and unclassified sources, of the countries at the greatest risk of instability. The list allows agencies across the U.S. government to assess state fragility, chart any changes in status, and develop strategies in case conflicts emerge. Regional bureaus use this crucial information to decide where the United States should focus its attention, personnel, and resources. S/CRS is working to incorporate the expertise of other government agencies and, increasingly, international counterparts into these assessments, to make them more comprehensive and reliable.

Each conflict is unique, and the U.S. response must be tailored to specific situations, but better understanding the broader factors that influence conflicts will help the government recognize warning signs and craft appropriate strategies. To this end, S/CRS is sponsoring expert roundtables on specific countries at risk of instability to generate new policy ideas on prevention. The office is also helping civilian organizations incorporate proven military analytic tools for conflict management and prevention: common planning templates, simulated exercises to test new ideas, and checklists of actions that help transform postwar environments by addressing the factors that drive conflict.

The better the U.S. government operates internally, the more effective it will be in forging partnerships with other important international and nongovernmental actors. As the United States develops a single approach to conflict management, it can improve its

coordination with organizations such as the UN, the European Union, and NATO, as well as with nongovernmental organizations and key bilateral partners. The United Kingdom, Canada, Germany, and France are all considering or making their own structural changes to anticipate and manage foreign conflicts. UN reforms on "peace building" provide an opportunity to develop a multilateral context within which these nations can cooperate. There is an unprecedented acknowledgment throughout the world of the need to work together to prevent or manage state failure -- and that not doing so would threaten international security.

UNDERSTANDING TRANSFORMATION

Even with investments in prevention, violence will still erupt and demand attention. To manage postconflict engagements effectively, the international community must understand the nature of the changes that need to occur to transform the affected states into ones in which further conflict will be unlikely. The international community must also commit the necessary resources. Although real life is more complex than any model of postconflict transition, dividing the transition into four phases can help guide future responses. These phases are not necessarily sequential -- some may proceed concurrently, and they may not progress consistently.

The first phase is stabilization -- the stage that generally garners the most international attention. Stabilization requires taking immediate action: enforcing order, feeding people, restarting basic services, initiating a political transition process, generating local employment, and reintegrating returning refugees and internally displaced persons. The international community often plays a dominant role in this phase, directly delivering services rather than building local capabilities, in order to avert chaos. Even if necessary in the short run, such efforts cannot be sustained indefinitely. Hence, outsiders must at some point stop "doing" and begin "enabling" local involvement and ownership. The faster the international community responds initially, the easier it will be to make sure this transition takes place. Stabilization must lead to conditions that help economic, political, and social development -- perhaps most crucially by engendering local leadership and providing incentives and means for local parties to take action. This first period is critical to a country's future success.

Second, the conflict's root causes must be addressed. Such factors can include corruption, collapsed economic systems, political exclusion, or the private exploitation of public resources. If left unchecked, these issues will continue to stymie progress and economic growth in a postconflict setting, particularly in former authoritarian states. Yet the very act of unraveling the evils of the past can be destabilizing. Shutting down bankrupt state enterprises generates unemployment. Opening up the political system challenges vested interests and political elites. Holding former oppressors accountable at the national level can strain barely functioning institutions. The international community must thus make sure that there is political consensus for reform, and that social safety nets, particularly for the unemployed and pensioners, are developed to prevent tensions from undermining the prospects for success.

Next is the creation of the laws and institutions of a market democracy -- or fostering the "supply side" of governance. Many of the features of good governance that advanced states take for granted must be built anew or reinvented in countries that have just emerged from war. These elements include markets, tax systems, banks, and regulatory policies to make an economy function; constitutions, political structures, parties, and electoral processes to underpin participatory politics; and laws, courts, police, and penal systems to create the rule of law. Out of all four phases, this one may be the hardest since it entails defining a new polity. In many cases, the shift is as extreme as replacing authoritarianism with openness, freedom, and competition. Such changes are radical, affecting every aspect of life. They must be woven into the fabric of society. As Secretary of State Condoleezza Rice put it in a speech earlier this year, democracy is a process, not an event.

Finally, the "demand side" of politics, essential for accountability, must be established. Only if there is effective demand from the governed can democratic institutions be sustained. To generate this demand, civil society must evolve -- communities need to develop as constituencies that call for political attention for their needs. Rebuilding social cohesion and public confidence in the government will, of course, take time: countries coming out of conflict are often deeply divided. Independent media are also crucial to this process -- to help educate the population, reflect public opinion, and keep government officials honest. The free flow of information is essential to a flourishing democracy.

Outsiders can assist, advise, and provide incentives for locals. But ultimately, those within a society must define their own future. Even then, the path will not be easy. The example of the Soviet Union is instructive. Its collapse was generally peaceful; it boasted a working infrastructure, significant resources, and high levels of education -- yet 14 years later, the future of decent governance and democracy is still in doubt in many of its former constituent states. The challenge will be much greater in countries wracked by poverty, illness, and illiteracy in the aftermath of war.

If the United States and the rest of the international community do not understand and plan for long-term transitions in advance, the chances of success diminish. Elections are generally not an endpoint, but only one of many necessary steps to build local legitimacy. International actors must be able to shift out of crisis-response mode to supply normal support mechanisms without losing attention or commitment. There will inevitably be international disillusionment with slow progress as countries take control of their own reconstruction and struggle to use the aid they are given. At this point, leadership from the White House and Congress will be key. Decision-makers must maintain a long-term perspective and remember that, although the complexity of transition is frustrating, cutting off funding only increases the likelihood that a country may lapse into chaos.

INNOVATION

If prevention fails, the fundamental challenge of S/CRS is to make sure that the United States is ready and able to manage all four postconflict stages. No single government office can take on this sizable task alone. But the nation now has a focal point to lead and coordinate rebuilding efforts with other U.S. agencies and with the rest of the world. The Bush administration is using S/CRS to develop a new set of tools for conflict response. These tools fall into six basic categories.

First, the coordinator's office is developing both the framework and the capability to plan for stabilization and reconstruction. The framework will ensure that the government's postconflict goals are realistic and linked to the resources needed to achieve them. If the goals and the resources do not match, senior policymakers will have to make tough choices about committing additional resources or revising expectations. Setting out at the beginning a catalog of essential tasks will force planners to address both immediate needs and the eventual transition from international to indigenous leadership and sustainable development. In short, the framework will require the United States to develop a long-term perspective from the outset.

Second, S/CRS is making sure that the government is ready to move rapidly to help countries in the aftermath of conflicts. The United States must be better able to provide central leadership and management quickly. It must be ready to use diplomacy to diffuse local tensions, even as it deploys civilians and the military to establish order and initiate, manage, and oversee assistance and rebuilding. To create this capability, the coordinator will need a staff of 80 people and an active response corps of 100 diplomats who would spearhead diplomacy or augment local U.S. embassies in an emergency. Advance civilian teams of diplomats and specialists from other agencies would deploy to the field to foster reconciliation, address public safety, coordinate with international groups, and help broker peace agreements and arrangements for political transitions. In addition to these activities, the teams would constantly take stock of on-the-ground realities and use this information for long-term planning.

To support the larger and longer-term program requirements, the coordinator's office is assessing and filling gaps across government agencies in contracts and more informal arrangements with organizations that specialize in various aspects of stabilization and reconstruction: mobilizing international civilian police, training indigenous police, developing systems of justice, providing fiscal and monetary advice, stimulating the private sector, and supporting civil society. S/CRS is also assessing the feasibility of a civilian reserve corps that could tap individuals with key skills. The goal is to organize all of these resources so that they can mobilize quickly and efficiently after a conflict to fill all the needed functions and skills.

Applying these resources will, of course, take funding. The third tool S/CRS requires is a $100 million conflict-response fund and more flexible spending authority. The Bush administration has proposed that Congress create such a fund, and Senators Richard Lugar (R-Ind.) and Joseph Biden (D-Del.) have championed legislation to this effect. An available supply of money would allow the government to respond faster, creating a greater chance to generate positive momentum, reconcile warring parties, and support

local populations as they take control of their own future. This level of funding cannot support a comprehensive response in most countries, but it can jump-start key programs when they are needed most, allowing time to seek alternative long-term funding. Furthermore, flexible spending authority would allow resources to be used to maximum effect. Consultation with Congress, backed by robust planning, would ensure accountability.

Fourth, S/CRS has established new management mechanisms that will foster interagency cooperation. At times when reconstruction efforts are judged central to U.S. interests, a senior interagency policy-level group, led by S/CRS and regional counterparts, will be created to make recommendations to the National Security Council, ensure that policy decisions are implemented, and secure quick action for serious problems. Tying all the key agencies into a common process will ensure that decisions lead to action, that military and civilian resources are fully utilized, and that information flows from the field to Washington.

Fifth, during U.S. or other military or peacekeeping operations, the new office will coordinate stabilization and reconstruction activities between civilian agencies and the military. As part of the military's planning effort, interagency civilian teams will deploy to regional combatant commands to develop strategies for stabilization and reconstruction. This type of involvement will help make certain that assumptions about civilian reconstruction capabilities remain realistic. After the planning stage, advance civilian teams will deploy with the military to help direct stabilization and reconstruction.

Finally, by creating a central locus for stabilization and reconstruction, the United States can cooperate more effectively with international partners. S/CRS has become a focal point within the U.S. government for relevant contacts with the UN, the European Union, regional organizations, and bilateral partners. With the Treasury Department and other State Department bureaus, S/CRS is also developing ongoing relationships with international financial institutions. And USAID plays a leading complementary role in coordinating with its development peers. Like the United States, other countries and institutions have recognized the need to build more effective programs to address conflict. Moreover, as the U.S. government becomes more adept at managing postconflict scenarios itself, it will be better able to coordinate its actions in the field with experts from around the world.

GLOBAL REWARDS

If approved, the $124.1 million requested by the Bush administration in the 2006 budget would launch the conflict-response fund, initiate the development of a response corps, and provide the resources to train personnel and prepare operations for rapid deployment. Some may question why the United States should invest resources before crises emerge. But consider that a faster and more effective postconflict response could create better prospects for success and, in the case of U.S. military involvement, an earlier withdrawal

of U.S. forces. For example, bringing one U.S. military division home from Iraq just one month early would save about $1.2 billion -- and remove soldiers from harm's way.

The broader payoff is security. Today, stability requires more than maintaining a balance of power among strong states. Safety both here and abroad now depends on the ability of the United States and the international community to make sovereignty work -- to establish democracies that improve the lives of ordinary individuals rather than of the ruling elite. The first step in this process must be to prevent conflict if possible, or to ensure a meaningful peace when conflict does occur. The world can do more to help those countries at risk of unrest or recovering from war. If successful, then over the longer term the United States will have enabled more people to enjoy the benefits of peace, democracy, and market economies. That can only be in everyone's best interest.